

Strategy & Objective

The Best Ideas Portfolio is a diversified portfolio (not a fund) of global equities, which we believe to be well positioned to outperform the wider equity market over the longer term. The portfolio has a bias towards developed market, large capitalisation stocks.

Portfolio Performance (GBP)^{1,2}

Return (%)	Annualised						
	S. Inception	5 Years	3 Years	1 Year	3 Month	1 Month	YTD
Best Ideas Portfolio	11.1	8.8	6.7	6.8	7.6	-2.2	6.8
MSCI World	10.6	8.5	8.2	-8.4	1.0	-5.5	-8.4
Relative	0.5	0.3	-1.5	15.2	6.6	3.3	15.2

Risk (%)	Largest Drawdown	Volatility (Annualised)
Best Ideas Portfolio	30.4	14.8
MSCI World	26.2	15.1

Market Commentary

Following on from two consecutive positive months, global equity and bond markets fell in the final month of 2022. Despite inflation gradually trending downwards in the US, investor sentiment had not yet recovered in the face of uncertainty surrounding the timing of a pivot in the Federal Reserve’s hawkish monetary policy. The S&P 500, Euro STOXX 50 and FTSE 100 all finished the month down by 5.8%, 4.0% and 1.5%, respectively in their local currencies. Meanwhile in China, the Hang Seng delivered a positive return of 6.4%, bolstered by a continued relaxation of zero-Covid policy restrictions. Negative sentiment within fixed income markets led to a rise in yields on US, UK and German 10-year bonds by 27, 51 and 64 basis points respectively. The pound gained 0.2% on the US dollar and fell by 2.5% against the euro.

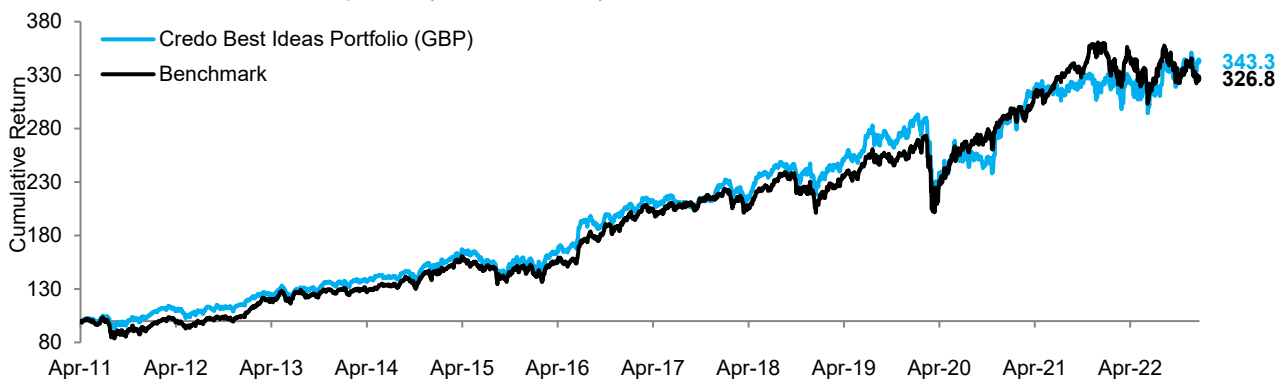
Key Contributors to Return

Prudential’s shares increased by 15.1% after China’s relaxation of its zero-Covid policy and in anticipation of the lifting of border restrictions between Hong Kong and the mainland. Madison Square Garden Sports’ shares increased by 11.1% after a competitor NBA franchise (The Phoenix Suns) was acquired for a record sum. This refocused the attention of investors on the underlying value of the company’s two major assets, the New York Knicks and Rangers.

Key Detractors from Return

Wells Fargo’s shares declined by 15.0% during the month as investors sold down investments in financial stocks in anticipation of a Federal Reserve pivot, concerned that a more accommodative interest rate cycle will hurt banking earnings. The company was also ordered to pay compensation of \$2.0bn to 16m customers and fined an additional \$1.7bn by the Consumer Financial Protection Bureau for “widespread mismanagement” of auto loans, mortgages, and deposit accounts. The Walt Disney Company’s shares declined by 12.4% after several analysts downgraded the share in response to the disappointing results reported in November, and a poor reception to its latest blockbuster release, Avatar Two.

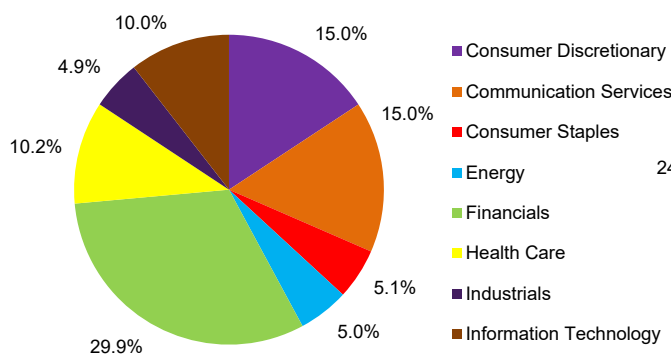
Performance Since Inception (14/04/2011)²



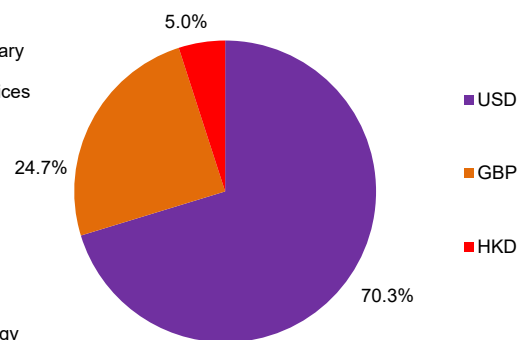
Sample Portfolio Statistics²

	Current Price	Trailing 12 Month P/E	12 Month Forward P/E	Dividend Yield
British American Tobacco plc	3282p	9.6x	8.2x	6.6%
Chubb Ltd	\$220.6	14.7x	12.3x	1.5%
Meta Platforms Inc-Class A	\$120.3	11.3x	11.8x	0.0%
Total Portfolio Average		18.1x	13.7x	1.3%
MSCI World		16.7x	15.0x	2.3%

Sector Allocation



Currency Allocation



Investment Philosophy

Credo's investment philosophy is based on the following tenets:

- We believe that wealth is best created and preserved through patient and disciplined investing, with a focus on the long term
- We follow a value-based approach to investing
- We seek to invest in high quality companies that are attractively priced relative to their future business prospects
- We believe that the market's short-term focus creates opportunities for those willing to concentrate on underlying business performance
- We view risk as permanent losses of capital and not in terms of short-term volatility

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(1) Performance figures are based on a notional portfolio, denominated in pound sterling, designed to track the holdings of the Credo Best Ideas Portfolio. Portfolio incorporates all additions and removals, rebalancing all holdings to a 5% weighting in the process. Portfolio may not be fully invested at a point in time and therefore can hold a portion of assets in cash, which is assumed to be held in the relevant reporting currency of the portfolio. Portfolio and Benchmark performance is calculated before any fees and includes reinvested dividends net of withholding tax.

(2) Source: Bloomberg pricing as of 31/12/2022 close. All portfolio performance is calculated using Bloomberg PORT, rounded to 1 decimal place.

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Portfolio Performance (USD)^{1,2}

Return (%)	Annualised						
	S. Inception	5 Years	3 Years	1 Year	3 Month	1 Month	YTD
Best Ideas Portfolio	8.6	6.7	3.6	-4.5	16.8	-1.0	-4.5
MSCI World	7.9	6.1	4.9	-18.1	9.8	-4.2	-18.1
Relative	0.7	0.6	-1.3	13.6	7.0	3.2	13.6

Risk (%)	Largest Drawdown	Volatility (Annualised)
Best Ideas Portfolio	37.1	15.3
MSCI World	34.0	15.1

Market Commentary

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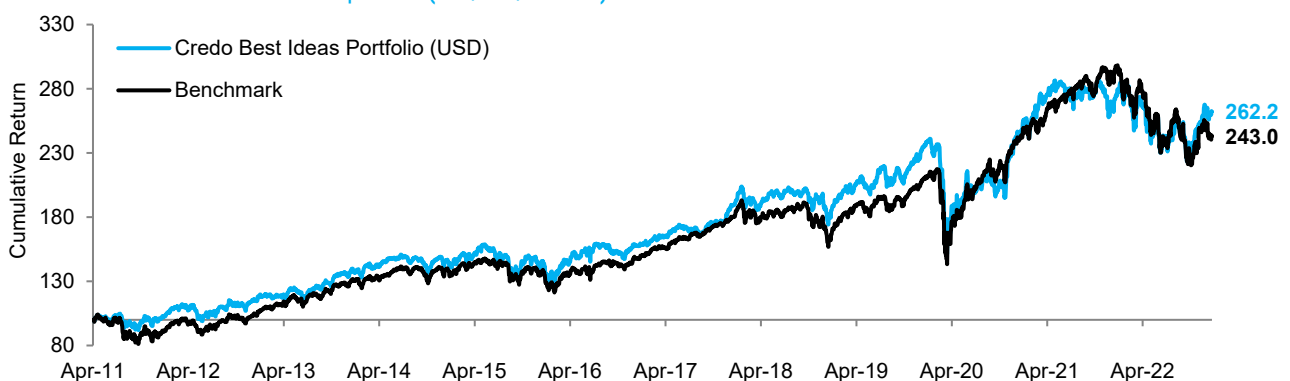
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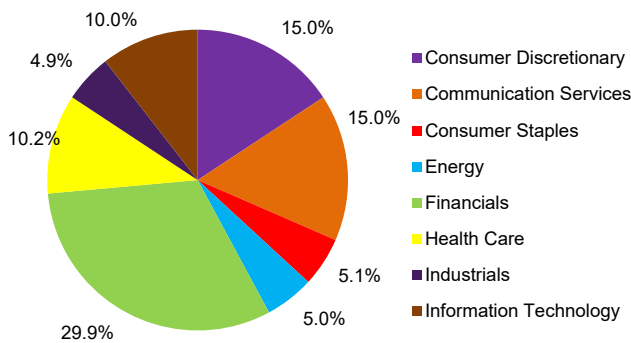
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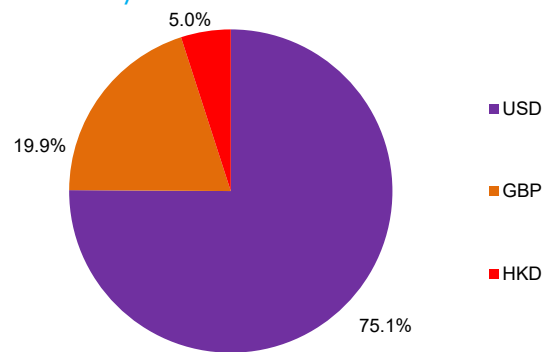
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